

market and reduce the pressure to export, even though a large and expanding foreign trade will continue to be a necessity.

Economic reforms of this scope and character, it is obvious, cannot be expected of a government staffed by representatives of the Zaibatsu, the Court circle, and the old bureaucracy. Far-reaching internal political changes, deriving from a government well to the left of centre, must be carried through before economic measures such as these can be instituted. A period of transition, during which the old regime is thoroughly destroyed in the wake of defeat, is a prime necessity if the eventual political outcome is to be favourable. The cardinal mistake would be speedy recognition of a new Government formed by members of the oligarchy, however "moderate" the candidates put forward might appear. This danger will be intensified if the groups now in control should effect an unconditional surrender that enabled them to put through a minimum set of so-called political reforms. We should take warning from the fate of the Weimar Republic, which left the Junkers, the monopolists, and the Reichswehr to function within an outwardly democratic framework.

The principle that free elections be held before a new Government is established and recognized should be adhered to rigidly. Such elections, preferably to a constituent assembly, should be carried through under United Nations auspices, rather than those of a hold-over Japanese regime. The Assembly should draft a new and democratic Constitution, replacing the baldly authoritarian Constitution of 1889. If it decided that an Emperor is to be retained, some guarantee would exist that he would be a genuinely constitutional monarch, functioning under a constitution deriving from the people and not handed down as an imperial "gift." In these political preliminaries, every evidence of popular initiative and resistance to the old order, even if expressed in turbulent forms such as the seizure of landlord's estates, would be the most essential testimony that a new order is not only required, but practical and feasible. Such popular resistance would be the guarantee that a constructive post-war

policy could be speedily implemented in our dealings with Japan. If it should develop and then be crushed because of our taste for "order" and fear of "chaos," the most promising avenue toward the building of a peaceful Far East would thereby be closed.

Internal economic reforms would have provided the essential prerequisite for satisfying the legitimate economic needs of the Japanese people. Elimination of armament expenditure, which has weighed heavily on the Japanese economy for two generations, would furnish large additional resources for post-war reconstruction purposes. To create a fully prosperous Japan, however, substantial assistance from the outside world would still be required. The soundest contribution would be the speedy removal of all unnecessary barriers to the development of Japan's foreign trade. This would be the more necessary since the increased wages going to the Japanese worker would partly reduce the previous competitive advantage of Japanese goods, even though a smaller differential advantage might continue to exist.

Economic assistance to Japan by the United Nations will have to be earned. It will hardly be forthcoming in time to prevent the Japanese people from passing through an onerous post-war transition. The needs of the countries devastated by Japan's war of conquest will have first priority. In the meeting of these needs a toll will almost certainly be levied even on Japan's limited post-war productive resources. When the Japanese people have met this test, and when they have accomplished the needed domestic, social and political readjustments, they will be entitled to turn to the United Nations for those broader measures of economic co-operations which will lay a solid basis for the peace structure in the Pacific.

